

**COMMITTEE ON ACCOUNTS, ENROLLMENT
AND REVENUE ADMINISTRATION**

May 17, 2005

5:00 PM

Chairman Smith called the meeting to order.

The Clerk called the roll.

Present: Aldermen Smith, Osborne, Shea, Thibault

Absent: Alderman Guinta

Messrs.: G. Beloin, S. Wickens, J. Shaffer, V. Lamberton, K. Dillon

Chairman Smith addressed Item 3 of the agenda:

Communication from Guy Beloin, Financial Analyst II, submitting the City's unaudited monthly financial statements for the ten months ended April 30, 2005 for FY2005.

Guy Beloin, Financial Analyst II, stated for the first 10 months of the year the benchmark for expenses is about 17%. This is pretty much what we should have at this point. What I have done for this month is I have listed those that are about 10% off of the benchmark. The first one is the Building Department. They are forecasting that their obligations are going to be over budget but we still don't know exactly how much. Randy Sherman is monitoring that. The second item that I brought up is Risk Management. I guess at this point we do have obligations that I wrote down here - \$125,000 above budget but it is actually \$162,000 above budget for that line item. For the worker's compensation there is 8% left of the budget. From there I did take a look at Information Systems and there was a little low but it is because they have equipment in their expenses that they will be billing out to another department so they are okay. Human Resources carries the health insurance adjustment that is recorded on a monthly basis. At this point they do have for that line item 11% less of the budget. The average estimate is about \$600,000 and at this point the budget balance is \$854,000. At the Fire Department their budget was low but that is because they purchased equipment. They will be making that up by the end of the year. They are saying that they are okay. Highway's unobligated budget balance is 11.62%. Again, Randy Sherman is communicating with the department head there on that. Building Maintenance, again, they record their service contracts at the beginning of the year and if you factor that in, they are okay. That is pretty much all I have for the expenditures.

On motion of Alderman Thibault, duly seconded by Alderman Shea it was voted to accept the report.

Mr. Beloin stated I do believe that Joanne Shaffer wanted to talk about the revenues.

Chairman Smith responded I would too. I do want to ask you though, we are getting a lot of shortfalls. I see we are increasing the departments from four to seven. What is the anticipation of revenues? Do you think the contingency and revenues will be able to cover the shortfalls in the individual departments?

Mr. Beloin replied I wouldn't want to make that guess.

Joanne Shaffer, 2nd Deputy Finance Officer stated we have been tracking the revenues every day and kind of looking to see what the trends are and what is coming in. We think it is a little bit slow this year because of the fact that we have had a cold and rainy spring. So that hasn't prompted as many new car sales as we had hoped and so forth and building permits are down slightly. Parking is also down slightly. We are looking for some of that to rebound. Hopefully as we get a little bit of nice weather towards Memorial Day weekend and go into June we are only slightly off on car registrations so if there is a decent surge we could actually make that amount of money in revenues. Interest income is already over the mark so we have realized our interest income there and I realize that when you look at the report it looks like you are very short of some of the revenues but a lot of the state revenues that are going to be coming in only get booked in June because they will be set-up as accounts receivable. We will be having a lot of those one time entries that will occur right around the first of June and that will give us a better feel for exactly where the revenues are. We think it is going to be very close. We think we are going to make it but we think it is going to be close and it is dependent on some of those factors.

Chairman Smith addressed Item 4 of the agenda:

Communication from Sharon Wickens, Financial Analyst II, submitting reports as follows:

- a) department legend;
- b) open invoice report over 90 days by fund;
- c) open invoice report all invoices for interdepartmental billings only;
- d) open invoice report all invoices due from the School District only;
- e) listing of invoices submitted to City Solicitor for legal determination; and
- f) accounts receivable summary.

Sharon Wickens, Financial Analyst II stated I have no comments on the Accounts Receivable reports that I have given you. I would open it up for questions.

Alderman Shea stated I have one question that pertains to 4f, Miscellaneous.

Ms. Wickens asked is that the open invoice report over 90 days. What page are you looking at?

Alderman Shea answered there is no page number. It is Item 4f. I just wondered, the State of NH Traffic Bureau is remiss for \$19,624. Is that correct?

Ms. Wickens responded that is correct. Last year they took a little over a year to reimburse us for the same type of invoicing. We are approaching a year now and I can give them a call to see where it is but they are consistently paying us a year in arrears for this type of invoice from Traffic.

Alderman Shea asked can you explain a little bit about inter-departmental, the \$23,000. Does that have to do with chargebacks for different departments?

Ms. Wickens answered it is and you have a separate report that you get on inter-departmental. The \$23,000 is only the piece that is over 90 days. You actually get a report that shows you current, 30, 60 and 90 days but that \$22,000 is over 90 days. I am not sure off the top of my head who that is.

Alderman Shea stated I am just asking does that impact our revenues in terms of what Joanne Shaffer just reported when you don't have the different accounts updated. Is that a reflection in our revenues? Where is that reflected in our budget in the City?

Ms. Wickens responded it is actually a reimbursement of expenses that one department has paid. For instance, Information Systems might purchase PC's on behalf of a department and then they will bill them for them. So they put the money out in their department and now they want this money back. So although it is showing short in one department, it is showing over in another. I think they pretty much are a wash. Yes, they do need to be settled up.

Alderman Shea asked so it is inter-departmental.

Ms. Wickens answered yes it is totally within the City.

Alderman Shea asked and this other insurance company, that is a little bit more than just nickel and dime. Do they feel obligated to pay us? Do you go after them?

Ms. Wickens responded I can call Harry on that. He felt comfortable that Fraser Insurance was processing this claim. There was some sprinkler damage here in City Hall and we were going to be getting the money from Fraser Insurance. They are going to pay it, it is just why haven't they. I can certainly make a call and follow-up on that one.

Alderman Osborne stated going back to the traffic reimbursement, what is that for.

Ms. Wickens replied off the top of my head I can't seem to remember. It is for...

Alderman Osborne interjected moving violations.

Ms. Wickens stated no it is not moving violations. It was like reimbursement for damages that were caused I think because the State was doing some repairs of something and then the City had to fix it and they pay us back. It is something like that but I can't remember off the top of my head where this was.

Alderman Thibault stated just so I know this \$1,385,000 for the Airport what is that.

Ms. Wickens responded that is the total 90 days that is outstanding at Airport. Now remember Airport doesn't make collections right on the 90 days. It takes a little bit longer sometimes for their claims to come in but they do all come in and they are right on top of them.

On motion of Alderman Shea, duly seconded by Alderman Osborne it was voted to accept the reports.

TABLED ITEMS

On motion of Alderman Thibault, duly seconded by Alderman Shea it was voted to remove Item 5 from the table.

5. Tuition Reimbursement Program

Alderman Osborne moved to receive and file. Alderman Thibault duly seconded the motion.

Alderman Shea asked if we take it off the table where do we go from there. Are we going to make another motion?

Chairman Smith answered the motion was to receive and file. We have some people here to speak about this. Would you like to hear from them?

Virginia Lamberton, HR Director, stated one of the conflicts that I just want to clarify with the Board is the fact that there was an audit done and there were disagreements about tuition reimbursement and staff development and one of the recommendations by the City's auditor was for us to develop a staff development policy and a tuition reimbursement policy and that was accomplished. However, Finance continues to not apparently understand that those policies are only for non-affiliated employees. So that has been causing a continuing conflict as we try to administer our tuition reimbursement and staff development policies. So it would be helpful if the Board clarified that so that it wasn't a problem in the future because it simply isn't fair to the employees who have negotiated certain things in their contract for staff development and tuition reimbursement and specifically there wasn't any kind of language for staff development anywhere so what happened over the years is employees in the contracted departments would be able to use tuition reimbursement for what we now consider for non-affiliated employees staff development or renewal of licenses that they have – carpenters, electricians, etc. So whenever the affiliated employees come in for staff development funds Finance is making the departments do something other than what has been past practice. At some point we are going to end up in arbitration and we are going to waste a lot of money on arbitration because we are going to lose because it is a past practice. I don't know what you can say. All I can say is that it needs to be understood that those policies are only for non-affiliated employees.

Alderman Thibault asked what would be needed then to get this to a head. Is it Finance that would have to come in here or see you...

Ms. Lamberton interjected we have had a meeting. The Mayor's Office, Kevin Clougherty and I did have a meeting about this and the Mayor's Office said that the policies are for non-affiliated employees only. However, in the last week or two some employees from the AFSME contact in the Health Department there were problems there. It is just making work and making conflict and there is no reason for it.

Alderman Thibault stated maybe we should direct the Finance Department to look into this and come up with some resolution.

Chairman Smith stated I just looked in the employee's handbook and this is from four years ago.

Ms. Lamberton stated well there is a new one.

Chairman Smith replied well what it says is the benefit is available to all regular, full-time employees. It doesn't say non-affiliated or anything. That is Section 3A. I got this when I first got elected. I think Kevin Dillon wrote a letter explaining the same situation. I am sort of in agreement that if a Director runs the department he should be responsible for the benefits but if there is a new one how come we didn't get a new handbook?

Ms. Lamberton responded we did send them out to all of the departments but I can't say that we sent them to the Aldermen. I will be sure to get you a copy.

Chairman Smith asked why was it changed. This one clearly states...

Ms. Lamberton interjected I can't tell you that that particular part of the employee handbook was changed. We revised the whole handbook because it was too confusing for people. We updated it with the new ordinances that had been passed and whatnot. Anything that is negotiated will be in the handbook and say "refer to your collective bargaining agreement" because that is managed by a department head in that department, not by Human Resources.

Chairman Smith stated it says "collective bargaining agreement or contact the Human Resources Department.

Ms. Lamberton replied right and that depends on whether you are affiliated or non-affiliated.

Alderman Shea stated I have no problem discussing the tuition reimbursement but my point is that I think from your point of view, Ginny, you only have non-union people working in your department I assume whereas Kevin Dillon and others have both union and non-union people working. My point is what is fair for the goose is fair for the gander. In other words, there shouldn't be any restriction and I am all for letting the department heads decide on whether or not a tuition reimbursement should be granted. I really don't think it has anything at all to do with Finance. They should just pay the bill.

Ms. Lamberton responded actually if you look back at the policy that was developed for the non-affiliated employees you will see that – that the department head and employee meet and discuss whether or not this is a career path to take classes for them in that department or City wide. Clearly it is between the department head and the employee and really nobody else. There is a check and balance for the non-affiliated employees with me. If I saw a plumber taking a cooking course I would probably call the department head and ask why they are taking a cooking course.

Alderman Shea asked can the Solicitor's Office give us some kind of legal direction here. Do we need an ordinance or a change of policy or can we keep it this way and say department heads should be responsible?

Thomas Arnold, Deputy City Solicitor responded I am not sure what you are asking.

Alderman Shea stated I am asking whether or not we need a change of policy if there is an existing one as to the tuition reimbursement. Should we have an ordinance to change

this if it is in conflict with what we would like to suggest the Board make a decision on or are there other avenues we can follow?

Deputy Solicitor Arnold replied it depends on whether the present tuition reimbursement is a policy or an ordinance. This one is a tuition reimbursement policy so you could alter the policy. The Board can alter the policy to reflect what the Board thinks is appropriate.

Alderman Shea stated I would like to change the policy and instead of non-affiliated employees have department heads responsible for tuition reimbursement if that is agreeable to the other members so that all of the different members of each department would be able to go to the department head and say for purposes of enrichment or enhancement of my position we would like to take some courses so we might be reimbursed for this.

Deputy Solicitor Arnold responded I would just caution the Committee that in those departments that have collective bargaining agreements that those agreements are binding on the City and you cannot change the bargaining agreement by altering your policy.

Alderman Shea replied that is what I asked you. So if it exists in collective bargaining we can't change it?

Alderman Thibault stated I guess I misunderstood Ginny. Didn't you say something before about Finance overlooking something?

Ms. Lamberton responded correct. They are not a part of it is what I am trying to say. The policy that was approved for the non-affiliated employees for staff development and tuition reimbursement does not allow for the Finance Director to impose any judgements whether it is appropriate or not. It is really up to the department head and if there is really a major issue then I am supposed to talk to the department head. As far as the affiliated employees go there is absolutely no judgement because there is a contract. The contract has been agreed to by the department head and the union so nobody gets to second-guess that.

Alderman Osborne stated I would like to invite Mr. Dillon on here to give us his opinion.

Kevin Dillon, Airport Director, stated I will try to clarify and not confuse things here. I think there are really two issues that are being discussed. I think the issue that Ginny is bringing up is that there is a policy out there but in the case of union agreements, those agreements supercede that policy. I think that is very clear. What I believe she is asking for is that there be very clear direction from the Board to advise the Finance Department that that is, in fact, the case. That union agreements supercede a policy. The policy as I view it certainly applies to non-affiliated individuals. It could also apply to affiliated

individuals if their union agreement doesn't specifically speak to that issue. I think that is one issue. There needs to be a clear understanding that union agreements have to supercede the policy. The other issue that continues to linger with this is an interpretive issue that the Finance Department appears to be making about the policy that this Board passed and that policy was very clear as to tuition reimbursement and then there was a separate policy that was very clear to staff development. That is where I see the issue here. The Finance Department continues to want to make judgements about the staff development policy and say well no this particular course isn't eligible for staff development and you should do it under tuition reimbursement. That is where I believe it is up to an individual department to make a decision based upon employee needs. If a particular employee needs to go to a particular college course as a result of their work performance, it should be up to a department head to recommend that, advise the employee that they are going to be required to do that and then, therefore, the City needs to pay for that versus tuition reimbursement, which is initiated by the employee himself sometimes for his own personal development versus job development. That is the issue that has been going on here. As I said, the Finance Department is making one interpretation where they believe if it is a college course for credit that is going to come under tuition reimbursement no matter what the department head says versus my position. As I said, I cannot force an employee to go to college if I feel they need that as part of their job enhancement, force them to go to college and then at the same time say and you are going to pay for everything over and above what tuition reimbursement will give you. Very simply what I would like to see is that the Board very specifically directs on the first issue that in the case of union agreements the union agreement supercedes the policy and that in the case of staff development it is within the department director's discretion to determine what staff development is and the controlling factor of that is what has been allocated to that department for that budget line. If you have allocated the money to the department for staff development I see no reason why the department head should not be making the decisions as to what is staff development.

Alderman Shea asked does this tuition reimbursement policy address that properly.

Ms. Lamberton answered no.

Alderman Shea stated what we would have to do then is ask the City Solicitor to...

Chairman Smith interjected Mr. Dillon do you think the reason why Finance wants to do that is because they think that staff development money is being misused or put in a kitty for something else.

Mr. Dillon responded I would think that is probably what is motivating their concern but I think on a case by case basis it is certainly up to the Board or the Mayor's Office or the Human Resources Director to review the particular training that somebody is being recommended for to make sure that it is appropriate. If I am sending an Airfield

Operations person to a pottery class that is a problem. The staff development fund should not be used for that. I think it is those things that should be reviewed for the appropriateness of the particular training that is being recommended. For example, we have an individual who is the subject of one of these interpretive issues who is the marketing person for the Airport. We sent them to take college marketing courses. The Finance Department is contesting that saying well that is not staff development, that should be tuition reimbursement and I am saying I don't understand it. This is a marketing person that I am trying to enhance. We have identified a weakness in terms of the overall performance and that is how we are correcting it. Again I think it is those types of issues that I am not too sure where the purview of the Finance Department is to question that decision.

Alderman Thibault stated I think that goes to the point I was making before. I think that the City Solicitor and Finance Department should get together and decide how they are going to handle this. They have to go by the contract first and if the person is non-affiliated the department head makes the call and that is it. What is the problem?

Alderman Shea stated the second handout we were given has to do with the staff development policy. Is that consistent with what you have indicated?

Mr. Dillon responded yes.

Alderman Shea moved to adopt the policy for staff development and the tuition reimbursement. Alderman Osborne duly seconded the motion.

Alderman Shea stated I think we probably have to go to Item 5 first and vote on that.

Chairman Smith asked do we want to receive and file it.

Clerk Thibault stated there is a motion on the floor Alderman Osborne by Alderman Thibault to receive and file the tuition reimbursement policy. As far as the staff development policy, that has already been approved. You don't have to approve that tonight. The only thing we are talking about is tuition reimbursement.

Alderman Shea asked so we will approve the staff development policy.

Clerk Thibault answered no that is already approved. That has already been done.

Alderman Osborne asked so we should leave it received and filed.

Mr. Dillon stated both policies, staff development and tuition reimbursement, have been approved by the Board previously. The problem is that it comes down to the interpretation of those policies.

Alderman Shea asked but isn't this part a new addition here as far as payment.

Mr. Dillon answered no.

Chairman Smith stated so what we are probably looking for is the department head to be responsible for the specific needs of the department. He would have the full authority and not Finance. I think that is where we are going.

Alderman Shea asked why is there a policy now in writing that is not being properly interpreted if, in fact, this policy is in existence now and says that employees shall be required to attain...where is the problem. In other words why isn't it being implemented if this is the policy? What can be done to make sure it is implemented if that is what we need to do?

Mr. Dillon answered I think part of the problem is when this audit was originally initiated this policy did not exist. This came after the fact. I do believe following these policies, both tuition reimbursement and staff development, eliminates the issue so long as the interpretation of the policies between Finance and the departments are consistent. I think it very clearly states in Item 2 that the program should be related to the employee job classification or career path that has been approved by the department head. Not approved by the Finance Department or anyone else and this is what the Board approved. This is what should be put in place going forward. I think the reason why you have this outstanding issue or one of the reasons anyway is that this audit was initiated prior to these policies being approved. You have an outstanding audit that dealt with a prior condition. I believe these policies straightened that out.

Alderman Shea asked so you are saying in essence that this policy should provide everyone with the right kind of wording so that there is no misunderstanding and that in the future there won't be any misinterpretations by anyone.

Ms. Lamberton answered except and I am sorry Kevin Clougherty is not here because I really don't like to say things unless somebody else is sitting there but there is a continuing problem, which is why I am here. For example I can give you a very vivid example. In the Information Systems Department Diane Prew wanted one of her employees to take a college course under staff development after the policies were approved. Staff development is paid for 100%. If you look at the policy, the policy says that college courses may be paid for at 100% under staff development. So the paperwork gets processed and what happened in Finance was the Finance Director decided that since it was a college course it would be tuition reimbursement under the tuition reimbursement policy and consequently he would only reimburse the employee 75%. That is not consistent with what the policy says nor does it come under his authority because Diane Prew already decided that this employee is weak in this area. Now the

Finance Director will tell you that he happens to know that this person is also working on a Bachelor's Degree, which requires this class. Well he doesn't get to make that judgement and it could be a coincidence. I had the same situation in my office. I had a young lady who was getting a Bachelor's Degree in Human Resources and she can also get certified as a Human Resource something or other if she took another course so I put her through for staff development at 100%. They denied it and they would not pay her the 100% so she was out 75% and that is what I am trying to say. It causes conflict – unnecessary conflict.

Alderman Shea stated my recommendation is that if in the future there is a problem cited by Ms. Lamberton that it be called to the Accounts Committee's attention and we make a specific judgement concerning either the reimbursement of money or an interpretation from the people in Finance and have them come before us to explain the situation so we can clarify it. We can't clarify past things but we can clarify...I guess that is the only thing short of bringing them here bound and gagged and then making a judgement.

Ms. Lamberton replied that would be very helpful. Thank you.

Chairman Smith stated in looking over the staff development policy I can see where it says 100% from the department budget. I am looking over at non-affiliated employee tuition reimbursement 75% and that is why I really believe that the department head should be responsible for the staff development policy definitely because that person is an employee of his or her department. I think we can debate this all night long but I didn't realize these two policies were in effect because mine says draft on it.

Ms. Lamberton responded only because that is what I happened to copy. I am sorry. I have been carrying these around for six months.

Alderman Thibault stated I think we all understand except for one thing. What is happening right now is that Finance is making the decision and that is where it is wrong. That is why if the City Solicitor sat with Finance and told them that they must follow the policy exactly then we wouldn't have that problem.

Alderman Shea stated I don't know if they always listen to the City Solicitor but does what I am suggesting agree with what you want.

Ms. Lamberton replied yes.

Alderman Shea stated we will have you folks come before us if there is a problem and we will make a decision. Maybe this will clarify the situation and there won't be any problems in the future.

Chairman Shea asked does Finance want to say anything.

Ms. Shaffer stated again Alderman Smith I am sorry that Kevin Clougherty isn't here to address this directly because I know that he was the one who put most of the documentation together relative to this particular issue. The only comment that I really want to make...I think the big difference between staff development and tuition reimbursement are the dollars that are paid to the individuals. Under staff development you can conceivably send somebody to school and pay for a whole college education so I think it is the dollar amount where the big disparity lies. Under tuition reimbursement they are only reimbursed a portion of that and it is up to a certain maximum on an annual basis. I think that is where the two major differences lie. I just wanted to make that comment on behalf of Finance.

Alderman Shea asked has there been any precedent of anyone doing what you suggested.

Ms. Shaffer answered yes and I think that is why...

Alderman Shea interjected no has there been somebody taking staff development money and getting a college degree through that.

Ms. Shaffer responded I think people have taken a number of courses that are allowed to be fully paid in excess of the maximum that would be allowed under the tuition reimbursement.

Alderman Shea replied there could be instances but is there any precedent. Is there someone working in a City department anywhere that has actually done that?

Ms. Shaffer responded I think that is part of why this issue came up. I think the Finance Department felt that some of these privileges were being paid a little in excess in some of the other departments.

Alderman Shea stated I am not sure if I concur with Finance there. If they are saying that no one ever should be reimbursed for enhancing their position because of staff development because they are afraid that they may get a college degree or some kind of advanced degree because of that. The departments are only allowed a certain amount of money aren't they?

Ms. Shaffer answered that is true.

Alderman Shea stated so they have to use it judiciously is that correct.

Ms. Shaffer replied that is correct. They usually put a certain amount in their budget to cover those particular costs and the advantage is that if you are a larger department

obviously you are able to budget a little bit higher for that because you probably need more qualified people to fill those positions.

Alderman Shea stated what you are saying is qualified people to fill the responsibilities of that department. I see nothing detrimental to the City's finance because of that personally.

Ms. Shaffer responded it is just that under tuition reimbursement people are limited as to how much they can get reimbursed on an annual basis whereas with staff development there is really no limit as you say except for the budget amount.

Alderman Shea stated but they can only spend within a certain amount in each department so the department head would be averse to possibly giving Mr. whoever so much money in lieu of not having anything for someone else. I think what you have to do is respect the wisdom and judgement and intelligence of a department head in terms of how they are going to conduct their department. That is my judgement.

Ms. Shaffer replied besides the difference of money and so forth I think a lot of the college courses in a lot of people's minds are classified under tuition reimbursements whereas other types of seminars that you would go to would be more under staff development or professional development under that particular connotation.

Alderman Shea stated I don't want to debate it too long but I don't think that when you take a staff development course that I am familiar with as far as being in education you can get necessarily a college degree because of that but that is just my opinion.

Ms. Shaffer responded but in a lot of instances a lot of the people in these departments that hold a lot of the positions now have certain accreditations that they have striven for. For example, CPA. I am a Certified Treasury Professional so I need to do...I need to go on a program of continuing education because in order to certify that I have kept abreast of and can keep that credential I need to get a certain amount of credits on a regular basis. Those are the types of things that I would attend that are in the aura of staff development.

Chairman Smith asked where do we go from here.

Clerk Thibault stated you have a motion on the floor to receive and file – Alderman Osborne by Alderman Thibault.

Chairman Shea called for a vote on the motion. There being none opposed, the motion carried.

6. Communication from Alderman O'Neil requesting write-off of a \$5,176.59

bill (invoice #9856223, June 30, 2004) that was issued to Manchester School Athletics for services provided by Parks, Recreation & Cemeteries for the lacrosse program.

On motion of Alderman Thibault, duly seconded by Alderman Osborne it was voted to remove this item from the table.

On motion of Alderman Thibault, duly seconded by Alderman Shea it was voted to receive and file this communication as the bill had been paid.

There being no further business, on motion of Alderman Shea, duly seconded by Alderman Osborne it was voted to adjourn.

A True Record. Attest.

Clerk of Committee